

Montgomery Ward & Company *Chicago*

NOTICE OF ANNUAL SHAREHOLDERS' MEETING

The Annual Meeting of Shareholders of Montgomery Ward & Co., Incorporated, an Illinois Corporation, will be held at the office of the Company, 619 West Chicago Avenue, Chicago, Illinois, on the 27th day of April, 1956 at 10:30 o'clock A.M., for the election of directors and to consider and act upon proposals to:

- A. Amend the Articles of Incorporation to increase the Company's authorized common stock having no par value from 10,000,000 shares to 20,000,000 shares and to split up and change each issued and outstanding share of common stock having no par value into two shares of common stock having no par value;
- B. Elect independent public accountants to audit the accounts of the Company for the fiscal year ending January 31, 1957;

and for the transaction of such other business as may properly come before the meeting.

Shareholders of record March 19, 1956 will be entitled to vote at the meeting.

MONTGOMERY WARD & CO., INCORPORATED

Charles J. Barnhill

Secretary

Please date and sign the enclosed proxy and return it promptly in the accompanying prepaid envelope.

PROXY STATEMENT

This statement is furnished in connection with the solicitation of proxies for the Annual Meeting of Shareholders to be held April 27, 1956. These proxies are solicited by the management. They may be revoked at any time prior to their exercise.

The Company has two classes of voting stock, of which the following shares are outstanding: Common Stock, 6,502,378 shares; Class "A" Stock, 201,554 shares. Each outstanding share is entitled to one vote. In the election of directors, the shareholders have cumulative voting rights, which are not subject to any condition. The shares represented by the proxies given pursuant to this solicitation will be voted and, in the absence of special instructions, the votes may be cumulated by the persons named as proxies in the manner authorized by the laws of Illinois.

Only shareholders of record at the close of business on March 19, 1956 will be entitled to vote at the meeting.

Election of Directors

The proxies given pursuant to this solicitation will be voted for the following nominees for terms expiring at the Annual Meeting in 1957:

Name	Principal Occupation	First Elected Director	Shares of Stock Reported as Beneficially Owned as of March 1, 1956	
			Class "A"	Common
Sewell Avery	Director, United States Gypsum Company; Director, The Northern Trust Company, Chicago	1931	200	62,936
John A. Barr	Chairman of the Board of Directors and President of this Company	1950	None	2,000
Philip R. Clarke	Financial Consultant, Chicago	1942	None	1,000
H. P. Davison	President, J. P. Morgan & Co. Incorporated, New York	1930	None	500
Percy B. Eckhart	Senior partner of Eckhart, Klein, McSwain & Campbell, Attorneys, Chicago	1935	None	609 (1)
Joseph C. Kracht	Vice President of this Company	—	None	200
W. A. Patterson	President, United Airlines, Inc., Chicago	—	None	142
C. H. Shaver	Chairman of the Board of Directors, United States Gypsum Company, Chicago, a manufacturer of building materials	1953	None	100
Solomon A. Smith	President, The Northern Trust Company, Chicago	1946	None	175

(1) DeSoto Securities Company, of which Mr. Eckhart is president, a director, and a stockholder, owns 24,851 shares of common stock.

If, for any reason, any nominee named above should not be a candidate for election at the time of the meeting, the proxies may be voted for a substitute nominee in the discretion of those named as proxies. The management is not aware of any nominee named above who will not serve if elected.

The following three nominees have not been directors of the Company during the past year:

H. P. Davison served as a director of Montgomery Ward & Company from 1930 to 1942, and from 1946 to 1948. He is president and a director of J. P. Morgan & Co. Incorporated, a banking and trust company. For more than five years prior to his election as president in 1955, Mr. Davison was vice president and director of J. P. Morgan & Co. Incorporated.

Joseph C. Kracht was first employed by Montgomery Ward & Company in 1937, and in 1949 became vice president and merchandise manager of the Company's New York office. Mr. Kracht left the Company in 1951 and became vice president of W. R. Grace & Co., an international manufacturing, shipping and merchandising company. In January 1953 he joined Federated Department Stores, Inc., as vice president of the Fedway Division, which position he held until returning to Wards as vice president and retail manager on August 1, 1955.

W. A. Patterson has been president and director of United Airlines, Inc. since 1934.

Remuneration of Directors and Officers

The aggregate remuneration paid by the Company for services in all capacities during the last fiscal year to each director and to each of the three highest paid officers who received remuneration in excess of \$30,000, and to all officers and directors as a group, was as follows:

<u>Name of Individual or Identity of Group</u>	<u>Capacities in Which Remuneration was Received</u>	<u>Aggregate Remuneration</u>
Sewell Avery	Director and Chairman of the Board of Directors of this Company (1)	\$ 93,067
John A. Barr	Chairman of the Board of Directors and President, Director, and Vice President and Secretary of this Company (2)	75,961
James A. Webber	Vice President of this Company	60,000
All directors and officers (including the above) as a group		480,212

(1) Mr. Avery served as Chairman of the Board until May 9, 1955.

(2) Mr. Barr was Vice President and Secretary until May 9, 1955, on which date he succeeded Mr. Avery as Chairman of the Board. On May 12, 1955 Mr. Barr also was elected President of this Company.

No bonuses or shares in profit for the fiscal year 1955 were paid to or set aside for any of the Company's directors or officers.

Other Matters

In addition to the election of directors, two proposals by management are to be considered and acted upon at the meeting.

Proposal "A"— Amendment of Articles of Incorporation

The Board of Directors on November 28, 1955 adopted a resolution recommending to the shareholders that the authorized common stock of the Company be increased from 10,000,000 shares having no par value to 20,000,000 shares having no par value, and that each outstanding share of common stock be split up and changed into two shares of common stock. No change in the stated capital of the corporation will result from the split-up or increase in authorized shares.

If the split-up is made effective, there will be 13,004,756 shares of common stock outstanding. The additional shares to be issued will confer upon the holders the same rights, and will be subject to the same limitations as the common stock presently outstanding.

An appropriate resolution to amend the Articles of Incorporation to effect the increase in the authorized common stock and the two-for-one stock split will be submitted to a vote of the shareholders at the Annual Meeting. An affirmative vote of at least two-thirds of the outstanding shares of common stock and of the total outstanding shares entitled to vote at the meeting is required for adoption of the Amendment.

The Amendment, if approved, will become effective at the close of business on the day the Amendment is filed in the office of the Secretary of State of Illinois. It is contemplated that the Amendment will be filed on May 7, 1956.

The effective date of the Amendment will be the record date for the purpose of determining the distribution of the additional shares. On or about May 31, 1956 the Company will mail to each holder of common stock a new certificate or certificates for one share of common stock having no par value for each share of common stock held by him of record on the effective date of the Amendment.

The Company is advised by tax counsel that the proposed Amendment to increase the authorized common stock and the split-up of the outstanding shares will not result in any gain or loss to holders of the common stock for Federal income tax purposes.

Your management believes that the two-for-one split of the common stock which will be effected by the adoption of the proposed Amendment to the Articles of Incorporation will result in a broader market for the Company's stock and a wider distribution of shares, and is in the best interests of the Company and its shareholders. Accordingly, your management recommends that you vote "FOR" this Proposal.

Proposal "B"— Election of Auditors

The following resolution was adopted by the Board of Directors on June 24, 1955:

"RESOLVED, that the auditing firm for the corporation be recommended to the shareholders by the Board of Directors for election by the shareholders at each Annual Meeting."

The Board recommends the election of Arthur Andersen & Co. to audit the accounts of the Company for the fiscal year ending January 31, 1957.

Arthur Andersen & Co. has made annual audits of the accounts of the Company since 1931, and therefore is familiar with the Company's accounts. Your management believes the firm is well qualified and that its election will be in the best interests of the corporation. Neither the firm nor any of its associates has any direct financial interest or any material indirect financial interest in the Company.

Miscellaneous Information

The cost of soliciting these proxies will be borne by the Company. In addition to solicitation by mail, some solicitation may be conducted by telephone, telegraph and personal interviews. The firm of Georgeson & Co. has been engaged to solicit proxies and will be paid a fee plus expenses estimated in the aggregate at \$3,250.

The management does not know of any matters to be presented at the meeting for action by the shareholders other than the election of directors and the proposals referred to herein. Should any other matters properly come before the meeting, your proxy will be voted in accordance with the judgment of the persons named as proxies.

CHARLES J. BARNHILL
Secretary

Chicago, March 19, 1956

IMPORTANT: Regardless of the number of shares you own, your vote is important. An affirmative vote of at least two-thirds of the outstanding shares of common stock and of the total outstanding shares entitled to vote at the meeting is required for adoption of the proposed Amendment to the Articles of Incorporation to effect the stock split. The shareholders of this Company number approximately 75,000, of whom over 61,000 own less than 100 shares.

If you do not expect to attend the meeting in person, please date and sign the enclosed proxy and mail it in the envelope provided. No stamp is necessary if mailed in the United States.